

**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

REVIEW REPORT
OF
COURT OF APPEALS
STATE OF INDIANA
May 1, 2004 to October 31, 2006



FILED
01/26/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Agency Officials.....	2
Independent Accountant's Report	3
Review Comments:	
Contract Requirements	4
Attendance Reports	4
Personal Long Distance Phone Calls	4
Exit Conference	5

AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Administrator	Steven F. Lancaster	05-01-04 to 06-30-07
Chief Judge	Honorable James S. Kirsch	02-25-04 to 02-24-07



STATE OF INDIANA

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE COURT OF APPEALS

We have reviewed the receipts, disbursements, and assets of the Court of Appeals for the period of May 1, 2004 to October 31, 2006. The Court of Appeals' management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Court of Appeals are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

December 18, 2006

COURT OF APPEALS
REVIEW COMMENTS
October 31, 2006

CONTRACT REQUIREMENTS

Our testing found that the Court of Appeals paid two individuals payments totaling \$39,117.24 for providing staff attorney professional services while not having a written contract or agreement with the agency. Internal controls are weakened when there is no written contract.

Each agency, department, institution or office should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

ATTENDANCE REPORTS

We observed that none of the employee attendance reports reviewed had a signature of approval. Also, we found that the Administrator of the Court of Appeals does not submit attendance reports. Attendance reports represent a claim of public funds and serve as supporting documentation for the proper use of public funds. Additionally, attendance reports serve as support for both the accrual of leave benefits and the use of leave benefits of eligible employees.

Every employee must submit an attendance report for each pay period. The attendance report is to be signed and dated by the employee. Employee attendance reports should not be signed, dated or approved prior to the last day worked in a pay period. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 9)

Each agency, department, institution or office should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, safeguarding controls over cash and all other assets and all forms of information processing are part of an internal control system. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

PERSONAL LONG DISTANCE PHONE CALLS

It has been the practice of the Court of Appeals to allow employees to make personal long distance telephone calls on the agency's telephones. Each month, employees are to review telephone bills, identify their personal calls, and present a check or cash to the agency for payment.

Personal long distance calls are not allowed to be charged to the State or placed over the State telephone network. Such calls should be charged to the employee's home phone, personal calling card, or placed collect. Agencies should review monthly telephone billings for indication of charges for personal calls. If an agency discovers that personal calls have been placed, reimbursement must be sought for the charges incurred and the employee should be instructed not to charge additional long distance calls on the state network. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 5)

COURT OF APPEALS
EXIT CONFERENCE

The contents of this report were discussed on January 23, 2007, with Steven F. Lancaster, Administrator; Honorable James S. Kirsch, Chief Judge; and Kathy Wethington, Personnel and Financial Officer.